

**NATIONAL DAIRY MARKET AT A GLANCE**

At the Chicago Mercantile Exchange, Grade AA butter increased 1 cent to \$0.9200, Grade A increased 1 cent to \$0.8100, and Grade B is unchanged at \$0.7800. At the National Cheese Exchange in Green Bay, barrels are unchanged at \$1.1700 and 40# blocks decreased 2 cents to \$1.1800. Next week, cash cheddar cheese trading will commence on the Chicago Mercantile Exchange (CME). The trading session will start Thursday, May 1 at 1:15 p.m. C.S.T.

According to NASS, U.S. cold storage holdings of butter on March 31, 1997 total 24.9 million pounds, up 2.8% from February and 48.8% lower than March 1996. Natural American cheese holdings total 387.8 million pounds, 2.6% more than last month and 8.8% more than a year ago. Government owned butter and cheese stocks remain negligible. Nonfat dry milk holdings at the end of February total 71 million pounds, 5.3% less than January and 21.1% less than a year ago.

According to the World Agricultural Outlook Board, the U.S. milk production forecast is increased slightly (600 million pounds) as output per cow is showing more strength than earlier indicated. This will help boost commercial use this year. While farm milk prices are down from a year ago, they are still at relatively high levels. The recent decline in cheese prices, however, will contribute to lower milk prices (estimated as much as 20 cents) which are already weakening seasonally.

The March Consumer Price Index (CPI) for all food is 156.6, up 3.3% from March 1996. The dairy products index at 146.1, is 6.9% more than

a year ago. The March to March changes in selected dairy products are all higher: fresh whole milk 5.6%, cheese 5.9%, and other dairy products (includes butter) 13.0%.

Milk production is maintaining peak levels in most southern sections of the country. Further north, milk intakes are steady to slightly higher. Class I sales are fairly steady overall. Fluid supplies are continuing to move interregionally to find manufacturing capacity. Manufacturing plants continue to operate on heavy seasonal schedules.

Most recent powder market trends continue. Buttermilk is steady to firm, though pressure is increasing from alternative products. Offerings remain light though churning levels have increased. The NDM, whey and WPC markets remain weak with prices mostly lower. Offerings are increasing due to seasonal increases in production and limited current demand. Export activity is helping balance NDM supplies, but lower whey prices have yet to stimulate additional whey shipments, in part due to increased competition from other countries.

\*\*\*SPECIAL THIS ISSUE\*\*\*

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**BUTTER MARKETS****CHICAGO WHOLESALE**

Dollars per pound, trucklot, bulk in fiber boxes, delivered metropolitan area, prices include CCC purchase price whenever bulk butter is moving to CCC from the Midwest area.

GRADE	:	APRIL 22	:	APRIL 24	:	APRIL 25
AA	:	\$0.9100 - 0.9200	:	\$0.9100 - 0.9200	:	\$0.9100 - 0.9200
	:	(-.1300) (-.1300):	:	:	:	:
A	:	\$0.8000 - 0.8100	:	\$0.8000 - 0.8100	:	\$0.8000 - 0.8100
	:	(-.1300) (-.1300):	:	:	:	:

( ) Change from previous price.

**BUTTER HIGHLIGHTS:** At the Chicago Mercantile Exchange, prices for Grades AA and A bulk butter are slightly higher while Grade B is steady. Churning schedules across the country continue to increase. Many butter/powder operations, especially in Western areas, are running at or very near capacity levels. Stocks of butter are building at most locations. Current buying interest is mixed. Most buying interest continues to center around immediate needs, although others are securing additional stocks for future needs. Butter producers have mixed opinions about current butter prices and what potential export opportunities might be available at this time.

**CHICAGO MERCANTILE EXCHANGE**

Butter Transactions on **FRIDAY, APRIL 25, 1997**  
(CARLOT UNIT = 40,000 - 42,000 LBS.)

GRADE	:	PRICE CHANGE	:	LAST SIGNIFICANT TRANSACTION - LST
AA	:	+0.0100	:	\$0.9200 : BID 04/25/97
A	:	+0.0100	:	\$0.8100 : BID 04/25/97
B	:	N.C.	:	\$0.7800 : BID 04/25/97

SALES: 3 CARS GRADE AA:  
2 @ \$0.9200, 1 @ \$0.9100

BIDS UNFILLED: 1 CAR GRADE AA @ \$0.9200 (LST)  
2 CARS GRADE A:  
1 @ \$0.8000, 1 @ \$0.8100 (LST)  
1 CAR GRADE B @ \$0.7800 (LST)

OFFERS UNCOVERED: NONE

**CHEESE MARKETS****WISCONSIN ASSEMBLY POINTS**

Dollars per pound, standard moisture basis (37.8-39.0%), carlot/trucklot, F.O.B. plants or storage centers, prices include CCC purchase price whenever cheese is moving to CCC from the Midwest area.

CHEDDAR STYLES	:	APRIL 21 - 25, 1997
BARRELS*	:	\$1.1500 - 1.1800 (NOMINAL)
	:	(-.0575) (-.0500)
40# BLOCKS	:	\$1.1900 - 1.2250 (NOMINAL)
	:	(-.0500) (-.0500)

( ) Change from previous week. \* If steel, barrel returned.

**CHEESE HIGHLIGHTS:** The cheese market is unsettled to weak. Prices are mixed in light trading at the National Cheese Exchange. Industry is preparing for the transfer of cash cheddar cheese trading to the Chicago Mercantile Exchange for the May 1 start. Cheese demand remains light. Current offerings exceed demand and inventories are accumulating. Price discounting is more prevalent. Cheese production remains seasonally heavy. Milk supplies are holding up longer than normal in most southern parts of the country, offsetting in instances, below year ago receipts in many northern states.

**NATIONAL CHEESE EXCHANGE, INC.**

Cheese Transactions on **FRIDAY, APRIL 25, 1997**  
(CARLOAD UNIT = 40,000-44,000 LBS.)

CHEDDAR STYLES	:	PRICE CHANGE	:	LAST SIGNIFICANT TRANSACTION
BARRELS	:	N.C.	:	\$1.1700 : OFFER 04/25/97
40# BLOCKS	:	-.0200	:	\$1.1800 : SALE 04/25/97

SALES ON BIDS: 1 CAR 40# BLOCKS @ \$1.1800

SALES ON OFFERS: 4 CARS 40# BLOCKS @ \$1.1800 (LST)

BIDS UNFILLED: NONE

OFFERS UNCOVERED: 6 CARS BARRELS @ \$1.1700 (LST)

**Trading on the National Cheese Exchange was discontinued on Friday, April 25. Cash cheddar cheese trading will commence on the Chicago Mercantile Exchange on Thursday, May 1. Trading is scheduled to begin at 1:15 p.m. C.S.T.**



**CONSUMER PRICE INDEX (CPI-U) AND AVERAGE RETAIL PRICES FOR SELECTED PRODUCTS, U.S. CITY AVERAGE 1/**

Month and Year	All Food		Dairy Products		Fresh Whole Milk		Cheese		Other Dairy Products		Meat, Poultry, Fish and Eggs	
	CPI <u>2/</u>	Pct. Chg. <u>3/</u>	CPI <u>2/</u>	Pct. Chg. <u>3/</u>	CPI <u>2/</u>	Pct. Chg. <u>3/</u>	CPI <u>2/</u>	Pct. Chg. <u>3/</u>	CPI <u>2/</u>	Pct. Chg. <u>3/</u>	CPI <u>2/</u>	Pct. Chg. <u>3/</u>
JAN 1997	156.5	3.6	147.8	8.4	146.7	8.2	149.3	7.0	133.4	10.7	149.6	4.8
FEB 1997	156.5	3.8	146.2	6.6	144.0	5.6	148.8	5.5	133.5	10.2	148.8	4.5
MAR 1997	156.6	3.3	146.1	6.9	143.8	5.6	148.1	5.9	135.9	13.0	147.8	3.6
<b>U.S. City Average Retail Prices</b>												
Month	Whole Milk <u>4/</u>		Lowfat Milk <u>4/</u>		Butter <u>5/</u>		Process Cheese <u>6/</u>		Natural Cheese <u>7/</u>		Ice Cream <u>8/</u>	
	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996
	Dollars											
JAN	2.677	2.546	2.517	2.324	2.092	1.740	3.536	3.107	NA	3.383	2.947	2.665
FEB	2.632	2.541	2.481	2.314	2.056	1.680	3.471	3.227	3.500	3.403	2.928	2.673
MAR	2.632	2.539	2.437	2.335	2.135	1.697	3.514	3.149	NA	3.332	2.940	2.752

\* NA Not available. 1/ "CPI Detailed Report," "Consumer Prices: Energy and Food," BLS, U.S. Department of Labor. According to BLS, average prices are best used to measure the price level in a particular month. To measure price change over time, the CPI is more appropriate. 2/ The standard reference base period for these indexes is 1982-1984 = 100. 3/ Percent change over previous year. 4/ Per gallon. 5/ Per pound. Grade AA, salted, stick butter. 6/ Per pound, any size and type of package. 7/ Per pound, cheddar cheese in any size and type of package and variety (sharp, mild, smoked, etc.). 8/ Per 1/2 gallon, prepackaged regular.



## PRINT BUTTER MARKETS - GRADE AA

## NORTHEAST

Prices are thirteen cents lower and the market tone is weak. Contacts report that the recent price drops were expected and trading levels at the Chicago Mercantile Exchange are about where they thought they would be. However, some now wonder if this is "the bottom" for this cycle. Buyers are cautious and still taking normal volumes as they wait to see if prices have, indeed, leveled off. Butter production levels are increasing as more surplus cream is available. Retail and food service orders are steady at just fair levels.

WHOLESALE PRICES: MIN 25 BOXES  
DOLLARS PER POUND, DELIVERED EAST COAST CITIES

1/4 LB. PRINTS	:	1.1200-1.3475
1 LB. PRINTS	:	1.0350-1.2175
CHIPS/PATTIES	:	1.0975-1.2675
REDDIES	:	1.1725-1.3675
CONTINENTALS	:	1.2525-1.4275

## CENTRAL

Central states print butter markets are weak following the sharp decline of butter prices at the Chicago Mercantile Exchange April 18. Butter prices are generally 13 cents lower. Although prices have declined sharply over the past few weeks, buyers remain somewhat reluctant to place large orders. Many feel that prices are at or near marketable levels. Stocks of butter are readily available for current light demand. In instances, some handlers are considering taking on additional butter stocks, especially if prices are favorable. Production remains strong as milk volumes continue to increase to butter/powder plants.

FOB CENTRAL STATES PLANTS: MIN 20,000 POUNDS, \$ PER POUND

1/4 LB. PRINTS	:	1.0100-1.4175
1 LB. PRINTS	:	.9750-1.1375
CHIPS/PATTIES	:	1.0000-1.2100
REDDIES	:	1.0825-1.3200
CONTINENTALS	:	1.2400-1.4300

## WEST

Western print butter prices are sharply lower. During the past two weeks, prices have generally declined 24 cents. Buying interest has been slow, however, buyers are returning to the market. Butter production remains strong as milk output throughout the entire Western area of the country is heavy. Stocks of butter are readily available for current demand. In instances, stocks are heavier than desired, thus some producers are discounting available stocks to keep them moving.

WHOLESALE SELLING PRICES: DELIVERED WESTERN CITIES  
150 - 1000 POUNDS, DOLLARS PER POUND

1/4 LB. PRINTS	:	1.1950-1.2425
1 LB. PRINTS	:	1.1125-1.1850
PATTIES	:	1.1650-1.3325
REDDIES	:	1.2925-1.3125

FOB CALIFORNIA PLANTS - GRADE AA  
100 CASES AND UP, DOLLARS PER POUND

1/4 LB. PRINTS	:	.9000-.9400
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WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS  
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER :	CHEESE
	:	
04/21/97	27,459	: 110,822
04/01/97	18,671	: 105,786
CHANGE	+8,788	: + 5,036
% CHANGE	+ 47	: + 5



## CHEESE MARKETS

## NORTHEAST

Prices are 4 3/4 - 5 cents lower on most natural and process types; unchanged on Swiss. The market tone is weak. Production levels are increasing. The volumes of surplus milk are heavier and more Southern milk is moving to cheese makers in the mid-Central region. However, with prices falling, many cheese makers are not anxious to take milk unless prices are discounted. Cheese is readily available to meet all needs. Demand is slow to fair. Most buyers/distributors are taking only replacement volumes or working down existing inventories to avoid buying cheese on a down market. Retail and food service orders are steady.

WHOLESALE SELLING PRICES: DELIVERED,  
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.3550-1.6825
Cheddar Single Daisies	:	1.3200-1.6775
Cheddar 40# Block	:	1.3375-1.4875
Process 5# Loaf	:	1.3800-1.5200
Process 5# Sliced	:	1.4000-1.5425
Muenster	:	1.3800-1.9125
Grade A Swiss Cuts 10 - 14#	:	2.2500-2.5050

## MIDWEST

The cheese market is unsettled to weak. The closing barrel activity at the National Cheese Exchange on April 18 was 4.75 cents lower to \$1.1700. The Exchange block final sales were 5 cents lower to \$1.2000. Traders remain cautious about making sizeable purchases, reasoning that prices could decline further. Some sellers are discounting product to stimulate sales, but few buyers are very interested in making spot purchases. Current offerings are in excess of the current generally light buying interest. A few traders have suggested that prices could test the price support level, \$1.13 for blocks and \$1.10 for barrels, if demand does not improve soon. Process interest continues to improve, but reports indicate that significant overtime is not needed to fill orders. Cheese production is still showing good increases in areas that have been seeing good spurts in milk receipts due to green grass and temperate weather, mainly more southern sections. Other areas have local receipts little changed.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,  
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.5175-1.6525
Brick And/Or Muenster 5#	:	1.5800-1.6575
Cheddar 40# Block	:	1.4525-1.9150
Monterey Jack 10#	:	1.6525-1.9150
Blue 5#	:	1.8050-2.1100
Provolone 10 - 12#	:	TFEWR
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.5750-1.9150
Grade A Swiss Cuts 6 - 9#	:	2.2075-2.4850

## WEST

Western cheese prices continue to show a general weakening tone. Production remains very heavy at most locations with some running at capacity levels. Sales activity is generally light. Some additional interest is noted for barrel cheese, but nothing has been finalized yet. Natural activity is only for short term needs. Buyers have no interest in securing additional supplies at this time. Many believe lower prices are a strong possibility because of building inventories and heavy milk production currently and in the near future.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND  
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.3600-1.6900
Cheddar 40# Block	:	1.3825-1.7300
Cheddar 10# Cuts	:	1.6175-1.7800
Monterey Jack 10#	:	1.5675-1.7800
Grade A Swiss Cuts 6 - 9#	:	2.3375-2.5600

## FOREIGN TYPE CHEESE

Domestic prices are generally 5 cents lower. Imported styles are still reported as unchanged despite recent changes to EU export subsidies and the resulting higher f.o.b. prices in the producing countries. Demand for foreign type cheese is slow to fair, at best.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK  
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Roquefort	: 5.5000-6.8900	: -0-
Blue	: 2.6400-3.1400	: 1.5350-2.1025*
Gorgonzola	: 3.2400-5.9400	: 2.1575-2.4900*
Parmesan (Italy)	: 7.1700-8.0000	: 2.9075-2.9825*
Romano (Italy)	: 2.3900-2.9000	: -0-
Provolone (Italy)	: 3.4400-5.5000	: 1.2075-1.7150*
Romano (Cows Milk)	: -0-	: 2.7375-2.9425*
Sardo Romano (Argentina)	: 2.6500-3.2900	: -0-
Reggianito (Argentina)	: 2.6500-3.2900	: -0-
Jarlsberg-(Brand)	: 2.7400-3.1200	: -0-
Swiss Cuts Switzerland	: -0-	: 2.2500-2.5050
Swiss Cuts Finnish	: 2.5900-2.7200	: -0-
Swiss Cuts Austrian	: 2.2500-2.7500	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-3.0900	: -0-
Gouda, Large	: 2.3900-3.1500	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-

\* = Price change.



## FLUID MILK AND CREAM

## E A S T

Milk production, throughout the region, ranges from mostly steady to slightly higher. The milk flow in Florida is holding up at surprisingly high volumes and has done so for an unprecedented period of time. Typically, production peaks in late February or early March and then drops at the onset of hot weather. This year, there have not been any prolonged periods of hot weather and the milk has held at near-peak levels. Elsewhere in the Southeast, the milk flow is also at or near the peak. In the Middle Atlantic and Northeast, milk production is increasing slowly. Fluid milk supplies are excessive of Class I needs and manufacturing capacities are being tested. Milk is moving out of Florida at a rate of 15-17 loads per day. Milk from Florida and the Carolinas is moving to the Middle Atlantic area and some Middle Atlantic milk is being moved to Ohio and other regional plants for processing. Bottled milk sales range from slow to fairly good. Schools in Massachusetts and some other states were closed this week, curtailing bottling operations for the school lunch program. The condensed skim market is unsettled, but with butter prices dropping, suppliers have increased wet solids prices to maintain their return on the milk. Demand is slowing as prices increase and users are again looking to NDM as a lower cost substitute. The fluid cream market is weak. Prices are sharply lower following the sharp drops on butter prices (24-26 cents) in the past two weeks. Multiples range from steady to slightly lower at the upper end of the range. Demand is so-so. Some buyers are increasing orders while others seem to be waiting to see if prices will fall any further. Ice cream production is increasing in more plants now that cream/fat prices have dropped. Production of cream cheese is holding up fairly well. Sour cream and bottled cream output are moderate. Churning activity is heavy as there is more excess cream being offered.

## FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

## SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. Producing Plants: Northeast	-	1.0000 - 1.1200
Delivered Equivalent Atlanta	-	1.0000 - 1.2849 M 1.0240-1.0560
F.O.B. Producing Plants: Upper Midwest	-	1.0400 - 1.1360

## PRICES OF CLASS II CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. Producing Plants: Northeast	-	1.1000 - 1.2800
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## M I D W E S T

## SPOT SHIPMENTS:

	LOADS
APRIL 18 - 24, 1997	0
PREVIOUS WEEK	0
COMPARABLE WEEK IN 1996	0

Class I interest is irregularly higher and lower, depending on location and local promotional activity. Class II demand remains seasonally good from cottage cheese and ice cream/product accounts aided, in instances, by retail promotions. Manufacturing milk interest is steady to generally lighter, often depending on the day of the week. Most reported spot manufacturing milk prices are at or about 25 cents above class. Some plant operators with slow cheese sales would like to sell extra milk to help balance current production/offers with sales, but are reluctant due to low prices or limited localized interest in spot milk.

Interregional fluid shipments continue, but the volume is generally lighter than recent weeks. Some milk is moving for as low as \$9.50 in an Eastern section of the region. Milk receipts are holding fairly steady in southernmost parts of the region due to continued moderate temperatures and humidity, keeping output at flush levels. In northern sections of the region, local receipts continue steady to slightly higher. Product yields are steady to lower. Spotty spring fieldwork is progressing, but soil temperatures remain too cool for germination or wet for equipment in most northern areas. Tested hay sold at auctions during the week ending April 21 for good quality (RFV 125-151) sold for \$140.00-170.00 per ton. Good quality (RFV 103-124) went for \$100.00-130.00 per ton. These prices are generally higher for the better quality and down on the lower from a month ago.

## WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	APRIL 17-23	PREVIOUS YEAR
SLAUGHTER COWS	\$ 38.00- 42.50	\$ 30.00- 36.00
REPLACEMENT HEIFER CALVES	\$ 95.00-150.00	\$ 95.00-130.00

## SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	APRIL 17-23	PREVIOUS YEAR
SLAUGHTER COWS	\$ 38.50- 45.00	\$ 29.00- 33.25

## W E S T

Conditions remain excellent for milk production in the Southwest. Days are warm, but not hot. Nights are cool and there is no humidity. New crop hay is becoming available and the quality is excellent. Some concern is noted about the current very dry conditions impacting hay yields and total production for the season. Water availability may be a question later in the year because reserves were drawn down during the wet winter season for safety reasons. Hay prices are steady to a few dollars higher. Weather conditions and good hay supplies mean more milk earlier than expected. Many plants are running at capacity levels. Milk and/or condensed has left California to find processing capacity in other Western states. This is expected to be a common occurrence this flush season. A wet weather pattern has moved into the Pacific Northwest and northern California. The snow pack continues to build in many areas. Flooding possibilities remain a concern. Conditions are too wet for good pasturing. Very little field work has started yet. Milk production remains strong in the region. Rain/snow has moved into the northern Mountain States region. The chances for flooding problems are increasing weekly as the snow load in the mountains is still building and warm temperatures are just around the corner. A long freeze/thaw cycle is needed to bring the water out of the hills at manageable levels. Hay cutting looks to be about 3-5 weeks off. Most manufacturing plants are adding running time to their production schedules to handle the increasing milk supplies.



**CENTRAL AND WEST DRY MILK PRODUCTS**

All reports, except California manufacturing plants, were released 04/24/97 and represent FOB Central and Western production areas. Prices represent CL/TL quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound.

**NONFAT DRY MILK - CENTRAL**

Prices are lower and the market tone remains weak. Producers are seeing more price resistance and price-shopping. Western-delivered prices are most often below quoted Central prices. Resale loads are providing additional pressure. Demand has also dropped from cheese makers. Production is sporadically trending higher to process additional milk. High heat prices are being held up because of good demand and limited offerings. NDM stocks are fair to moderate in the region. Some locations are building more inventory than desired.

Includes EXTRA GRADE and GRADE A, all heat treatments

NONFAT DRY MILK: 1.1100 - 1.1700 MOSTLY: 1.1200 - 1.1300

**DRY BUTTERMILK - CENTRAL**

Buttermilk prices are unchanged to higher and remain nominal in limited trading. The market tone is unsettled. Lower nonfat dry milk prices, more available condensed buttermilk, and increasing butter churning are pressuring dry buttermilk prices. Resellers' loads are still available. Demand is fair at best and showing some declines. Stocks are light to moderate at the plant level.

BUTTERMILK: 1.0600 - 1.2150

**DRY WHEY - CENTRAL**

Price declines have moderated this week. The market tone is still weak. More producers were stating their positions were improving with recent sales. Others are beginning to resist offering additional discounts following steep declines the past two weeks. Some feel the market price is nearing the bottom. Production is unevenly higher in the region. The weaker cheese market has some producers reducing output when possible, thus limiting whey solids. The better returns for WPC/lactose are steering solids to those facilities if possible. Export interest is steady with limited new interest developing - despite prices at a point where historically exports would happen. The stronger U.S. dollar, weaker demand from Mexico, and recent dairy export restrictions to Europe, are limiting avenues for current exporting. Producers' stocks remain in excess of current needs.

NONHYGROSCOPIC: .1700 - .1925 MOSTLY: .1725 - .1775

**ANIMAL FEED WHEY - CENTRAL**

Animal feed whey prices are lower, often adjusted to reflect the declining whey and WPC markets in recent weeks. Buying interest is mixed for off-grades, especially since edible whey prices have declined. Delactose prices continue to be stressed. Demand is seasonally slow. Stocks of all types are available with roller ground being the tightest.

MILK REPLACER: .1500 - .1700  
STANDARD: .1400 - .1600  
ROLLER GROUND: .1800 - .1925  
DELACTOSE (Min. 20% protein): .3300 - .3600

**LACTOSE - CENTRAL AND WEST**

Lactose prices are unchanged and the market tone remains steady to firm. Additional loads continue to clear when offered. Buying interest remains good. With recent increases, the vast majority of current sales are going to edible accounts. Production is trending seasonally higher. Stocks are light to balanced.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

EDIBLE: .2300 - .2900 MOSTLY: .2500 - .2700

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

Whey protein concentrate prices are lower and the market tone is unsettled to weaker. Some adjustments were made following recent price drops, but some producers, who are in better positions, are attempting to limit discounting. Others are lowering prices to keep stocks current, if possible. WPC availability is light to fair from plants, heavier among resellers. Stocks range from light to moderate.

EXTRA GRADE 34% PROTEIN: .5650 - .6100 MOSTLY: .5850 - .5950

**NONFAT DRY MILK - WEST**

The Western powder market continues to falter with stocks building and buying activity slowing. Low heat powder is in the worst position with stocks of that type of powder having the heaviest inventory levels. NDM production is increasing seasonally at a faster than expected rate. Export sales are helping somewhat, but not enough to bolster the market. An unconfirmed report of a sale of powder at a price substantially under the market was noted.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: 1.0900 - 1.1200 MOSTLY: 1.0900 - 1.1000  
HIGH HEAT: 1.1100 - 1.2000

**DRY BUTTERMILK - WEST**

The Western buttermilk powder market remains generally firm, but there is more price resistance evident near the top end of the range. Sales activity is good and stocks remain in close balance. Buttermilk production continues to increase as more milk flows into butter/powder operations. Condensed buttermilk sales have been slow to develop so far this season.

BUTTERMILK: 1.1000 - 1.1900 MOSTLY: 1.1100 - 1.1400

**DRY WHEY - WEST**

Both range and mostly prices declined in slower trading activity. Domestic users are taking more of a wait and see attitude before they reenter the market. Some are looking at the Midwest as an option to buy some powder. Export sales are slowing down. More competition from European sources is noted at prices very competitive with Western equivalent prices. Europe seems to have decided that they want to be a player in the Far Eastern market at this time. Powder production is increasing in the Western region. Stocks are building at a faster rate at those operations that don't have much export potential.

NONHYGROSCOPIC: .1900 - .2100 MOSTLY: .1925 - .2000

**CALIFORNIA MANUFACTURING PLANTS**

The weighted average price for Extra Grade and Grade A Nonfat Dry Milk for the seven day period ended April 18, on powder sales of 10,026,183 pounds f.o.b. California manufacturing plants was \$1.1199 per pound. This compares to 8,011,276 pounds at \$1.1229 for the previous week ending April 11, 1997. Prices for both periods were influenced by the effect of long-term contract sales. Compiled by the Dairy Marketing Branch, California Department of Food and Agriculture.



**NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS**

All reports represent carlot/trucklot quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound, unless otherwise specified. Delivered Southeast is delivered equivalent Atlanta.

**NONFAT DRY MILK - NORTHEAST AND SOUTHEAST**

Prices are steady to lower within the range. The market tone is still somewhat weak. Production is increasing at many plants and stocks are building. Some stock accumulation is by design in preparation for summer needs when milk supplies are tight. Other plants continue to move powder as best they can. Demand is just fair as spot buyers tend to put off purchases to see if prices will drop any further. Many contacts attended the annual ADPI meetings in Chicago this week and, therefore, overall market activity was termed as slow. Resale loads are readily available at competitive prices.

Includes EXTRA GRADE and GRADE A, all heat treatments

F.O.B. NORTHEAST:	1.1300 - 1.1900
DELVD SOUTHEAST:	1.1425 - 1.1750

**DRY BUTTERMILK - NORTHEAST AND SOUTHEAST**

Prices and the market tone are mostly unchanged. Production levels are steady to lighter despite the increasing churning activity. The heavy volumes of milk are taking up most of the dryer time and buttermilk is more often moved as condensed. Buttermilk powder stocks remain limited. Demand is still good, but in some regions, prices are at or above NDM. Users, who can, are switching to the less expensive product.

F.O.B. NORTHEAST:	1.0600 - 1.1200
DELVD SOUTHEAST:	1.0900 - 1.2250

**DRY WHOLE MILK - NATIONAL**

Prices and the market tone are unchanged. Production levels are light to moderate as plants are making more NDM as a way to process their milk as quickly as possible. Plant stocks are light and spot demand is just fair. During the week ending April 18, there were a couple small-volume DEIP bids accepted for dry whole milk.

F.O.B. PRODUCING PLANT:	1.2500 - 1.3100
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**DEIP BID ACCEPTANCE SUMMARY**

JULY 1, 1996 THROUGH APRIL 18, 1997  
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	--	39,120	MT	(86,243,952 LBS)
CHANGE	--	96	MT	(211,642 LBS)
WHOLE MILK POWDER	--	1,570	MT	(3,461,222 LBS)
CHANGE	--	30	MT	(66,138 LBS)
CHEESE	--	1,520	MT	(3,350,992 LBS)
CHANGE	--	136	MT	(299,826 LBS)
BUTTERFAT	--	1,658	MT	(3,655,227 LBS)
CHANGE	--	805	MT	(1,774,703 LBS)

**DRY WHEY - NORTHEAST AND SOUTHEAST**

Prices range from steady to mostly lower and the market tone remains weak. Production is increasing at most Eastern plants and they have powder to move on a spot basis. Rather than build stocks, many are trying to stay "ahead" of the market and keep their powder moving. Demand is slow. Buyers are taking only enough powder to meet immediate needs as they wait for anticipated lower prices. Export interest is still slower than desired, but lower prices may attract a little more interest. This week, market activity was slow because many producers, traders, and buyers were attending the ADPI annual meeting in Chicago.

F.O.B. NORTHEAST:	EXTRA GRADE	.1725 - .1775
	USPH GRADE A	.1750 - .1875
DELVD SOUTHEAST:		.1825 - .2125

**ANIMAL FEED WHEY - NORTHEAST**

Enough prices were reported this week to create a nominal range. Demand is still sluggish, but dry whey prices are getting low enough to attract some attention from animal feed makers. Offerings of Extra Grade powder are increasing and producers are more inclined to move it to feed makers at an attractive price to keep stocks from accumulating.

F.O.B. NORTHEAST:	MILK REPLACER	.1625 - .1675
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**EVAPORATED MILK - NATIONAL**

Prices and the market tone are unchanged. Production levels are increasing at some locations and inventories are being replenished. Demand for evaporated milk is slow to fair. The Kansas City Commodity office announced the issuance of EVD-1, invitations 320 and 321, inviting competitive offers to sell to CCC 4,549,040 pounds (1,905,280 lbs. for invit. #320 and 2,643,840 lbs. for #321) of evaporated milk for shipment in June and July 1997.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES  
\$22.50 - 33.00  
Excluding promotional and other sales allowances. Included new price announcements.

**CASEIN - NATIONAL**

Prices and the market tone are following trends of recent weeks. Offerings continue to be available from many sources. Demand is mostly limited to current contract commitments.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET:	2.2000 - 2.4200
ACID:	2.0800 - 2.2000



## COFFEE, SUGAR, &amp; COCOA EXCHANGE AND CHICAGO MERCANTILE EXCHANGE FUTURES

Selected settling prices, (open interest), and volume 1/

Month	04/10	04/11	04/14	04/15	04/16	04/17	04/18	04/21	04/22	04/23
<b>CSCE CHEDDAR CHEESE</b> -- Cents per pound										
APR 97	122.50 (12) 0	122.00 (12) 0	119.50 (12) 0	119.50 (12) 0	119.50 (10) 2	121.50 (10) 0	120.50 (11) 3	117.10 (11) 2	117.60 (8) 3	
JUN 97	123.80 (17) 0	123.50 (17) 0	123.00 (17) 0	123.00 (17) 0	123.00 (16) 1	123.00 (16) 0	123.00 (16) 0	123.00 (18) 2	123.50 (16) 0	123.50 (18) 3
AUG 97	132.00 (4) 0	131.70 (4) 0	131.20 (4) 0	131.20 (4) 0	131.20 (4) 0	133.50 (4) 0	133.50 (4) 0	132.80 (4) 0	133.50 (4) 0	133.50 (4) 2
<b>CSCE - NONFAT DRY MILK</b> -- Cents per pound										
APR 97	111.80 (52) 0	111.80 (52) 0	112.50 (52) 0	110.80 (52) 0	110.80 (52) 28	110.50 (46) 6	109.80 (46) 10	110.50 (46) 8	110.30 (44) 0	
JUN 97	111.50 (28) 0	111.50 (28) 0	112.50 (28) 0	110.80 (28) 0	110.80 (36) 20	110.50 (36) 0	109.80 (36) 0	110.50 (36) 0	110.50 (36) 0	110.50 (36) 0
<b>CSCE - FLUID MILK</b> -- Dollars per cwt.										
APR 97	12.50 (42) 14	12.18 (54) 2	11.93 (52) 0	11.75 (37) 1	11.25 (33) 6	11.47 (31) 0	11.60 (29) 20	11.40 (14) 0	11.40 (10) 2	
JUN 97	12.75 (38) 2	12.43 (42) 7	12.18 (39) 11	12.00 (29) 2	12.28 (31) 9	12.50 (25) 7	12.40 (30) 16	12.15 (25) 1	12.15 (222) 3	12.20 (20) 2
AUG 97	14.40 (38) 7	13.75 (38) 0	13.50 (38) 3	13.20 (37) 0	13.25 (38) 4	13.23 (37) 7	13.20 (34) 3	13.15 (43) 10	13.18 (43) 7	13.13 (33) 5
<b>CSCE - BUTTER</b> - Cents per lb.										
APR 97	99.00 (40) 0	97.50 (40) 10	98.00 (30) 0	96.30 (30) 4	97.00 (30) 0	97.00 (26) 0	97.00 (26) 0	87.90 (26) 0	91.40 (20) 26	
JUN 97	103.50 (46) 0	102.00 (46) 10	102.50 (56) 0	100.80 (56) 0	102.10 (56) 0	101.60 (56) 0	101.60 (56) 0	92.50 (56) 6	96.00 (54) 0	97.30 (60) 6
AUG 97	109.00 (32) 0	107.50 (32) 0	108.30 (32) 0	107.50 (32) 0	108.80 (32) 0	108.30 (32) 0	108.30 (36) 8	99.20 (37) 1	100.50 (34) 4	100.80 (27) 13
<b>CSCE - BFP</b> -- Dollars per cwt.										
JUN 97	11.95 (18) 18	11.95 (39) 26	11.93 (45) 13	12.00 (51) 7	12.01 (51) 9	12.07 (52) 4	12.01 (54) 5	11.93 (59) 20	11.93 (62) 23	11.83 (70) 0
AUG 97	12.55 (25) 23	12.38 (39) 14	12.35 (54) 20	12.43 (41) 8	12.53 (44) 10	12.58 (55) 24	12.47 (55) 0	12.46 (72) 43	12.48 (74) 6	12.54 (79) 7
OCT 97	12.48 (28) 16	12.38 (31) 2	12.35 (30) 0	12.50 (30) 3	12.53 (38) 15	12.58 (49) 20	12.53 (49) 0	12.58 (67) 28	12.55 (70) 7	12.65 (70) 0
<b>CME - FLUID MILK</b> -- Dollars per cwt.										
APR 97	13.100 (1) 0	12.400 (1) 0	12.400 (1) 0	12.400 (0) 1	12.400 (0) 0	12.400 (0) 0	12.400 (0) 0	12.400 (0) 0		
<b>CME - BUTTER</b> -- Cents per pound										
APR 97	107.250 (4) 0	103.750 (4) 2	102.000 (5) 1	101.000 (5) 1	101.000 (3) 2	101.000 (5) 7	98.500 (2) 3	93.500 (2) 0		
JUN 97	112.000 (11) 0	107.000 (11) 0	107.000 (11) 0	107.000 (11) 1	106.000 (11) 0	105.250 (15) 6	102.750 (15) 1	97.750 (14) 1	97.000 (17) 11	97.750 (14) 5
JLY 97	111.500 (45) 0	107.000 (45) 4	107.500 (63) 49	107.000 (62) 11	107.250 (62) 0	105.000 (62) 8	102.500 (63) 15	98.250 (68) 17	98.500 (71) 31	99.000 (79) 24

1/ Open interest for NDM and cheddar -- 4 contracts equal 40,000 pounds. Open interest for fluid milk (at both exchanges) -- 1 contract equals 50,000 pounds. For more detailed information, you may call our automated voice system at 608-224-5088 or the CSCE's Soft Fax at 212-742-6111.



## INTERNATIONAL DAIRY MARKET NEWS

Information gathered April 14 - 25, 1997

Prices are U.S. Dollars per MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

## WESTERN AND EASTERN EUROPE

**OVERVIEW - WESTERN EUROPE:** Milk production within Western Europe continues to increase. Grazing is starting to occur in mild weather areas but 1 to 2 weeks off in more inland regions which should help production increase on a regular basis. Europe will be a major source for the recent Mexican SMP purchase. Shipment of the powder is now through September. As of April 21, a negotiated settlement has been reached between the European Union and the United States pertaining to dairy products within the veterinary equivalency discussions. This agreement will allow U.S. dairy products, upon filing of proper paperwork, to clear to European Union countries. Although this once again opens the door for imported U.S. dairy products to enter Europe, most dairy product handlers have little concern that the reinstatement of U.S. imports will not have any more impact on domestic markets than prior to their discontinuance April 1.

**BUTTER/BUTTEROIL:** Stocks of most manufactured dairy products are low of which butter is no exception. Although stocks are low, supplies that are available are clearing the market in anticipation of new production coming soon. As milk production resumes seasonal increases, butter stocks are also becoming more available. Overall buying interest remains light, but as stocks build, potential sales activity will also develop. At this time, most trading activity is occurring around previous commitments. Continued Russian interest, although light, is surprising many traders.

82% BUTTERFAT:	1,475 - 1,800
99% BUTTERFAT:	1,800 - 1,850

**SKIM MILK POWDER (SMP):** European traders received a large percentage of the recent Mexican SMP purchase. Traders feel that this will stabilize the market for the near term. Shipment date for the 28,000 MT is now through September. Traders feel that the first major sale of the season will have minimal impact on the total market. Stocks are quite low, but as seasonal milk production increases, so will powder stocks.

1.25% BUTTERFAT:	1,700 - 1,775
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**WHOLE MILK POWDER (WMP):** Stocks of whole milk powder remain light. Current trading activity continues to center around previous commitments. No significant new business is developing as of yet, but as whole milk powder becomes more available, sales are anticipated to resume.

26% BUTTERFAT:	1,750 - 1,850
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**SWEET WHEY POWDER:** Whey markets are more active. Trading activity has improved, but prices are lower. Production of cheese in Europe remains seasonally low, although as milk becomes more available, more milk will return to cheese plants, thus more whey will be generated. Overall, stock levels are low. Although, with production on the increase, more product will become available and sales are starting to build on projected volumes.

NONHYGROSCOPIC:	400 - 450
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**OVERVIEW - EASTERN EUROPE:** Milk production is now starting to show signs of seasonal increases. Weather conditions have been quite favorable, which are contributing to a strong basis for early spring production growth. Sales activity is limited due to low stock levels. New business is slow to develop due to the limited volumes of available product, but will resume as new product becomes available.

## OCEANIA

Milk production in this region of the world continues to decline. In most areas, favorable late season weather conditions are extending the

declining at a faster rate than further south in Victoria. Although it is still early to establish yearly production totals, estimates in Australia are running 3 - 4%

annual production estimates are nearing 10% over a year ago. Cull cow prices are low. Thus, many producers are questioning what they should do with the

her in anticipation of better cull prices down the road.

**BUTTER:** Butter stocks in the Oceania region are reported to be in comfortable

which are adequate for contractual needs. Sufficient volumes are also available for possible spot interest. New buying interest is limited. Most market activity

are weak with prices in the \$1600 range.

82% BUTTERFAT:

**CHEDDAR CHEESE:** Cheese markets are much the same as other manufactured dairy products as the production season nears an end. Although market conditions are much the same as past weeks, prices are lower. Most activity is centered around previously established markets. Cheese stocks are in balance for current and winter needs.

39% MAXIMUM MOISTURE:	2,100 - 2,150
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**SKIM MILK POWDER (SMP):** Skim milk powder markets are mixed as prices hold steady to slightly lower. Oceania producers did not get any of the recent skim milk powder destined for Mexico. Current sales activity, as in other markets within the region, centers around previous contractual commitments. Stocks are reported to be in close balance with needs, although minimal stocks are available for future spot interest.

1.25% BUTTERFAT:	1,750 - 1,800
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**WHOLE MILK POWDER (WMP):** Whole milk powder markets are steady with past weeks. Drying schedules are declining as seasonal milk production edges lower. The majority of stocks are fully committed to previous sales, although minimal amounts are available for spot buying interest.

26% BUTTERFAT:	1,800 - 1,850
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Exchange rates for selected foreign currencies: April 21, 1997

.5239 Dutch Guilder	.5891 German Mark
.1745 French Franc	.6941 New Zealand Dollar
.1271 Mexican Peso	.7775 Australian Dollar
1.6359 British Pound	.0080 Japanese Yen
.3194 Polish Zloty	

To compare the value of 1 US Dollar to Mexican Pesos:  $(1/.1271) = 7.8678$ . That is 1 US Dollar equals 7.8678 Mexican Pesos.

Source: Wall Street Journal



## MONTHLY COLD STORAGE REPORT - TOTAL U.S. STOCKS

NOTE: Data for this report is collected from public, private and semiprivate warehouses, apple houses, and meat packing plants where food products are generally stored for 30 days or more. Commodities in space owned or leased and operated by the armed services are not reported. Food stocks held under bond are included in the storage data.

All stocks in thousand pounds except where otherwise indicated.

U.S. HOLDINGS OF DAIRY PRODUCTS						
COMMODITY	FEB 28, 1995	FEB 29, 1996	REVISED FEB 28, 1997	MAR 31, 1995	MAR 31, 1996	MAR 31, 1997
Cream	1,831	1,349	---	1,385	1,359	---
Butter	88,230	33,670	24,264	74,804	48,704	24,939
Evap. & Cond. Milk	1,440	924	---	886	939	---
Cheese, Natural American	321,647	354,588	377,894	323,508	356,336	387,821
Cheese, Swiss	8,520	9,353	13,397	8,339	11,234	12,821
Cheese, Other Natural	118,485	119,102	102,030	126,917	130,740	102,177
GOVERNMENT OWNED COLD STORAGE HOLDINGS FOR THE U.S.						
Butter	62,515	3,512	347	51,447	1,308	339
Natural American Cheese	421	105	31	421	116	77

MARCH COLD STORAGE HOLDINGS BY REGION									
REGION	Natural American Cheese			Butter			Other Natural Cheese		
	1995	1996	1997	1995	1996	1997	1995	1996	1997
New England	11,595	13,701	17,214	5,239	4,591	4,788	101	94	262
Middle Atlantic	38,344	37,889	35,421	3,953	3,671	3,623	11,334	17,786	7,747
East North Central	178,413	200,653	218,234	6,486	6,021	6,191	102,627	99,896	78,462
West North Central	54,597	55,814	62,082	37,176	5,893	2,891	1,074	2,599	3,930
South Atlantic	284	230	230	1,385	1,370	1,170	3,067	4,005	5,196
East South Central	241	171	188	1,073	541	284	4,317	3,791	2,815
West South Central	511	773	1,572	9,036	22,164	500	2,378	144	291
Mountain	20,855	16,214	11,788	899	1,796	351	1,336	1,769	1,344
Pacific	18,668	30,891	41,092	9,557	2,657	5,141	683	656	2,130
TOTAL	323,508	356,336	387,821	74,804	48,704	24,939	126,917	130,740	102,177

\*Regional breakdowns are not reported to avoid possible disclosure of individual operations.



## COMMERCIAL AND GOVERNMENT STORAGE HOLDINGS, JANUARY 1996 TO DATE

Month	Butter						Natural American Cheese						Nonfat Dry Milk					
	Total <u>1/</u>		Commercial		Government		Total <u>1/</u>		Commercial		Government		Total <u>1/ 2/</u>		Commercial		Government <u>2/</u>	
	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996
	Million Pounds						Million Pounds						Million Pounds					
January	21	25	21	22	<u>3/</u>	3	382	346	381	346	<u>3/</u>	<u>3/</u>	75	86	75	72	<u>3/</u>	14
February	24	34	24	30	<u>3/</u>	4	378	355	378	354	<u>3/</u>	<u>3/</u>	71	90	71	80	<u>3/</u>	10
March	25	49	25	47	<u>3/</u>	1	388	356	388	356	<u>3/</u>	<u>3/</u>		108		98		10
April		40		37		3		377		377		<u>3/</u>		110		100		10
May		34		33		1		390		390		<u>3/</u>		88		86		1
June		30		29		1		393		393		<u>3/</u>		84		82		1
July		32		31		1		398		398		<u>3/</u>		77		77		<u>3/</u>
August		27		26		1		381		381		<u>3/</u>		67		66		<u>3/</u>
September		21		21		1		373		372		<u>3/</u>		51		50		<u>3/</u>
October		21		20		<u>3/</u>		379		379		<u>3/</u>		48		47		<u>3/</u>
November		18		17		<u>3/</u>		370		370		<u>3/</u>		50		49		<u>3/</u>
December		14		13		<u>3/</u>		380		380		<u>3/</u>		71		71		<u>3/</u>

NA = Not available. 1/ Total may not add due to rounding. 2/ Includes instant nonfat dry milk. 3/ Less than 500,000 lbs.

COMMERCIALLY OWNED COLD STORAGE HOLDINGS FOR THE UNITED STATES 1/

Commodity	Feb 28, 1995	Feb 29, 1996	Feb 28, 1997	Mar 31, 1995	Mar 31, 1996	Mar 31, 1997
	Thousand Pounds					
Butter	25,715	30,158	23,917	23,357	47,396	24,600
Natural American Cheese	321,226	354,483	377,863	323,087	356,220	387,744

1/ Total holdings minus Government owned holdings. For more information, see page 9 of this report.

**SOURCE:** "Cold Storage," Co St 1 (4-97) and "Dairy Products," Da 2-6 (4-97), Agricultural Statistics Board, National Agricultural Statistics Service; and "Summary of Processed Commodities in Store," Agricultural Stabilization and Conservation Service.



## ESTIMATED U.S. SUPPLY AND USE PROJECTIONS FOR MILK\*

The milk production forecast is increased slightly as output per cow is showing more strength than earlier indicated. This will help boost commercial use this year. While farm milk prices are down from a year ago, they are still at relatively high levels. The recent decline in cheese prices, however, will contribute to lower milk prices which are already weakening seasonally.

## U.S. MILK SUPPLY AND USE

Item	1994/95	1995/96	1996/97 Proj. <u>1/</u>	
	<u>1/</u>	<u>1/</u>	March	April
<b>SUPPLY</b>	<b>BILLION POUNDS</b>			
BEGINNING COMMERCIAL STOCKS <u>2/</u>	4.6	4.6	4.9	4.9
PRODUCTION	155.6	154.1	154.6	155.2
FARM USE	1.6	1.5	1.3	1.3
MARKETINGS	154.0	152.6	153.3	153.8
IMPORTS <u>2/</u>	2.8	2.8	3.3	3.3
TOTAL COMMERCIAL SUPPLY <u>2/</u>	161.5	160.0	161.5	162.0
<b>USE</b>				
COMMERCIAL USE <u>2/</u>	154.0	154.9	155.7	156.3
ENDING COMMERCIAL STOCKS <u>2/</u>	4.6	4.9	5.3	5.3
CCC NET REMOVALS:				
MILKFAT BASIS <u>3/</u>	2.9	0.1	0.5	0.4
SKIM SOLIDS BASIS <u>3/</u>	4.9	1.1	1.5	1.6
<b>DOLLARS PER CWT.</b>				
PRICES RECEIVED BY FARMERS <u>4/</u>				
BASIC FORMULA PRICE (BFP)	11.59	13.50	12.30-12.70	12.20-12.50
ALL MILK <u>5/</u>	12.54	14.42	13.65-14.05	13.65-13.95
<b>MILLION POUNDS</b>				
CCC PRODUCT NET REMOVALS <u>3/</u>				
BUTTER	110	1	15	10
CHEESE	8	5	8	8
NONFAT DRY MILK	384	84	115	120
	QUARTERLY <u>5/</u>			ANNUAL <u>5/</u>
	1997 I	1997 II	1997 III	1996
				1997
<b>MILK PRODUCTION</b>	<b>BILLION POUNDS</b>			
	38.8	40.3	38.1	154.3
<b>DOLLARS PER CWT.</b>				
ALL MILK PRICE <u>4/</u> <u>5/</u>	13.50	13.00-13.40	13.15-13.85	14.74
BASIC FORMULA PRICE <u>4/</u>	12.30	11.90-12.30	12.35-13.05	13.39
				12.45-12.95

NOTE: Totals may not add due to rounding. 1/ Marketing year beginning October 1. 2/ Milk equivalent, milkfat basis. 3/ Includes products exported under Dairy Export Incentive Program. 4/ Projections indicate a range of the average for the quarter or year. 5/ Milk of average fat test. Does not reflect any deductions from producers as authorized by legislation. 6/ Calendar year basis projection.

\* The World Agricultural Supply and Demand Estimates were approved by the Interagency Commodity Estimates Committee. The members for Dairy are: James E. Nix, Chairperson, WAOB; Arthur Coffing, FAS; John Mengel, FSA; Robert R. Miller, AMS; and James Miller, ERS.

SOURCE: "World Agricultural Supply and Demand Estimates," WAOB, USDA, April 11, 1997.



**BFP COMMITTEE PRELIMINARY REPORT - SUMMARY**

Editor's Note: On April 18, 1997, the U.S. Department of Agriculture as part of its Federal milk order reform efforts released the report, "A Preliminary Report on Alternatives to the Basic Formula Price." Following is a summary of this report.

The basic formula price (BFP) is used to determine Federal order prices for milk used in manufactured products and, with the addition of differentials, to determine minimum Class I and II prices for milk pooled under the Federal orders. The current BFP is based on a survey of prices paid for manufacturing grade (Grade B) milk by plants in Minnesota and Wisconsin, updated by month-to-month changes in commodity prices (especially cheese). The continuing decline in the volume of Grade B milk produced in the upper Midwest and nationally is an indication that, in the near future, the M-W price series may not be statistically reliable as an indicator of the value of milk used in manufactured products.

The BFP Committee has received input provided during a public BFP Forum held in Madison, Wisconsin, and from over 200 written public comments, and conducted a survey of transaction prices for manufactured dairy products. The Committee also has sponsored analysis by a group of university researchers, and conducted extensive study and analysis of its own. The BFP Committee evaluated alternatives to the BFP against the criteria of stability, predictability, simplicity, uniformity, transparency, sound economics and reduced regulation. Options identified by the Committee were grouped into the following categories:

**Options Considered**

- |                         |  |                       |
|-------------------------|--|-----------------------|
| ❖ Economic formulas     | ❖ Product price and component formulas | ❖ Futures markets     |
| ❖ California pricing    | ❖ Cost of production                   | ❖ Informal rulemaking |
| ❖ Competitive pay price | ❖ Pooling differentials only           |                       |

At this time, the Committee has identified four options for further discussion and debate:

- ❖ A four-class, multiple component pricing plan to price butterfat, protein and lactose used in cheese (Class III), and butterfat and nonfat solids used in butter/powder (Class IV).
- ❖ A three-class, multiple component pricing plan to price protein used in cheese, butterfat used in butter, and other nonfat solids used in powder (Class III - one manufacturing class).
- ❖ A product price formula computed from the butter, powder and cheese shares of U.S. production, using seasonal product yields and California cost-based make allowance; and
- ❖ A competitive pay price series using a national weighted average price paid for Grade A milk used in manufactured products, updated by a product price formula. The price series would contain an adjuster to attempt to remove the effect of current regulation and to reduce it to a level more comparable to the current BFP.

As a basis for Class I prices, the BFP could be made more stable by using an economic formula or using a moving average of a manufacturing price. Class II prices could be based on components or continue to include a differential from the manufacturing price level.

The BFP Committee is continuing to study and analyze alternatives in response to public comments. A copy of this preliminary report can be obtained from the Dairy Division, AMS/USDA, Room 2968, South Building, P.O. Box 96456, Washington, D.C. 20090-6456 or Phone (202) 720-4392. This report can also be obtained from any Market Administrator office and via the Internet at <http://www.usda.gov/ams/dairy.htm> under the "Federal Milk Order Reform" heading.



	FOR THE WEEK OF APRIL 21 - 25, 1997			CUMULATIVE TOTALS			UNCOMMITTED INVENTORIES	
	TOTAL	CONTRACT	ADJUSTED	SINCE	SAME PERIOD	PERIOD ENDING	SAME PERIOD	
	PURCHASES	ADJUSTMENTS	PURCHASES	10/01/96	LAST YEAR	04/18/97	LAST YEAR	
<b>BUTTER</b>								
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-	
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-	
<b>TOTAL</b>	-0-	-0-	-0-	-0-	-0-	-0-	-0-	
<b>CHEESE</b>								
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-	
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-	
Process	-0-	-0-	-0-	483,600	-0-	-0-	-0-	
<b>TOTAL</b>	-0-	-0-	-0-	483,600	-0-	-0-	-0-	
<b>NONFAT DRY MILK</b>								
Nonfortified	-0-	-0-	-0-	-0-	-0-	-0-	9,918,000	
Fortified	-0-	-0-	-0-	-0-	-0-	-0-	-0-	
<b>TOTAL</b>	-0-	-0-	-0-	-0-	-0-	-0-	9,918,000	

	MILKFAT*	SKIM**		MILKFAT*	SKIM**
	<u>BASIS</u>	<u>SOLIDS</u>		<u>BASIS</u>	<u>SOLIDS</u>
WEEK OF APRIL 21 - 25, 1997 =	0.0	0.0	COMPARABLE WEEK IN 1996 =	0.0	0.0
CUMULATIVE SINCE OCTOBER 1, 1996 =	4.5	4.8	CUMULATIVE SAME PERIOD LAST YEAR =	0.0	0.0
CUMULATIVE JANUARY 1 - APRIL 25, 1997 =	4.5	4.8	COMPARABLE CALENDAR YEAR 1996 =	0.0	0.0

\*\*Factors used for Skim Solids Basis: Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES SINCE 10/1/96 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL											
:	BUTTER		:	CHEESE		:	NONFAT DRY MILK		:	MILK EQUIVALENT	
REGION	1996/97	1995/96	:	1996/97	1995/96	:	1996/97	1995/96	:	1996/97	1995/96
MIDWEST	-0-	-0-	:	483,600	-0-	:	-0-	-0-	:	100.0	0.0
WEST	-0-	-0-	:	-0-	-0-	:	-0-	-0-	:	0.0	0.0
EAST	-0-	-0-	:	-0-	-0-	:	-0-	-0-	:	0.0	0.0
TOTAL	-0-	-0-	:	483,600	-0-	:	-0-	-0-	:	100.0	0.0

MANUFACTURING MILK: Average Test 3.67% - \$10.20 per cwt.; 3.5% - \$10.10

BUTTER: Bulk \$.6500; 1# Prints \$.6800

CHEESE: 40 & 60# Blocks \$1.1300; 500# Barrels \$1.1000; Process American 5# \$1.1825; Process American 2# \$1.2225

NONFAT DRY MILK: Nonfortified \$1.0470; Fortified \$1.0570; Instant \$1.2045

Regions*	1	2	3	4	5	6	7	8	9	10	U.S. TOTAL	% DAIRY OF ALL	
1997-Dairy cows HD (000)	0.4	1.5	5.1	5.6	22.0	2.6	3.2	1.4	8.8	3.6	54.3	852.5	45.9
1996-Dairy cows HD (000)	0.4	1.2	8.2	5.9	21.5	2.4	4.6	1.5	8.2	3.3	57.1	839.5	46.5
1997-All cows HD (000)	0.4	1.6	7.0	17.1	29.3	14.2	19.3	10.0	12.1	7.2	118.2	1,821.1	46.4
1996-All cows HD (000)	0.4	1.2	8.7	15.5	29.1	21.4	19.3	10.3	10.1	6.9	122.9	1,807.8	

\*For source, states included in each region, and historical data, see "Dairy Market News", Vol. 55, Report No. 31

\*For source, states included in each region, and historical data, see "Dairy Market News", Vol. 55, Report No. 31

PROCESS	<u>JUNE DELIVERY</u>	<u>JULY DELIVERY</u>	<u>AUGUST DELIVERY</u>	<u>SEPTEMBER DELIVERY</u>	<u>OCTOBER DELIVERY</u>
5# LOAF	37,200	871,200	673,200	712,800	475,200
SLICED	483,600	1,108,800	554,400	594,000	396,000
2# LOAF		950,400			
<u>MOZZARELLA</u>					
MOZZ.	120,960	1,572,480	483,840	443,520	725,760
LITE MOZZ	161,280	40,320	40,320	40,320	40,320
SHRED LITE		201,600	282,240	241,920	403,200
<u>AMERICAN</u>					
BLOCKS	199,750				
CHED CUTS	39,950				
SHRED CHED	76,800				
REDUCED FAT	39,950				
BARRELS	281,960				
<u>NONFAT DRY MILK</u>					
INSTANT 6/4#	184,800				
INSTANT	376,320				
NDM	199,792				

CUMULATIVE TOTAL CHEESE PURCHASES SINCE 10/1/96 = 41,779,984      CUMULATIVE TOTAL NDM PURCHASES SINCE 10/1/96 = 7,301,998

[illegible]